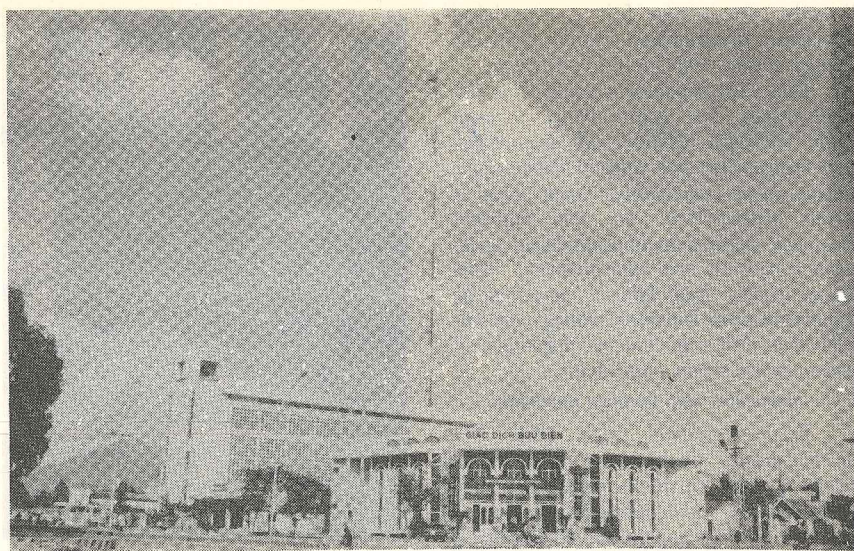
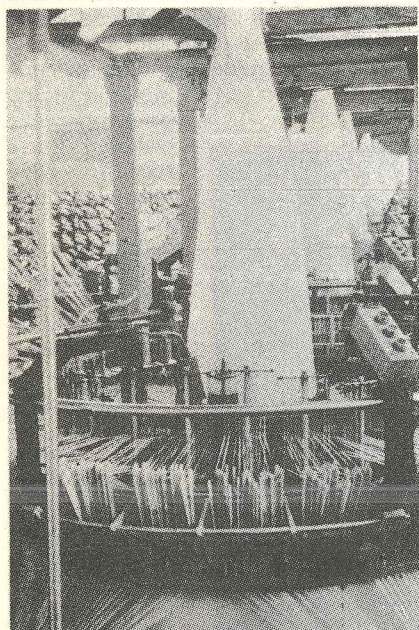


ON RENOVATION OF



MECHANISM FOR ECONOMIC MANAGEMENT

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I. MECHANISM FOR ECONOMIC MANAGEMENT

Generally speaking, the mechanism for economic management includes ways of organizing, regulating, co-ordinating and manipulating relations and activities according to objective economic laws with a view to achieving the most hopeful targets under certain socio-economic and techno-scientific conditions of a certain period.

The mechanism for economic management is a complex and many-sided concept implying forms, methods, tools of management; economic levers and incentive factors; legal and administrative norms, etc. The complexity and many-sidedness of the mechanism for economic management are also reflected in its components which include not only forms and methods of management, but also

various categories belonging to borderline between relations of production and productive forces, between basis and superstructure, macro-economy and micro-economy, market and government. Therefore, in analyzing the mechanism for economic management, the following aspects should be examined:

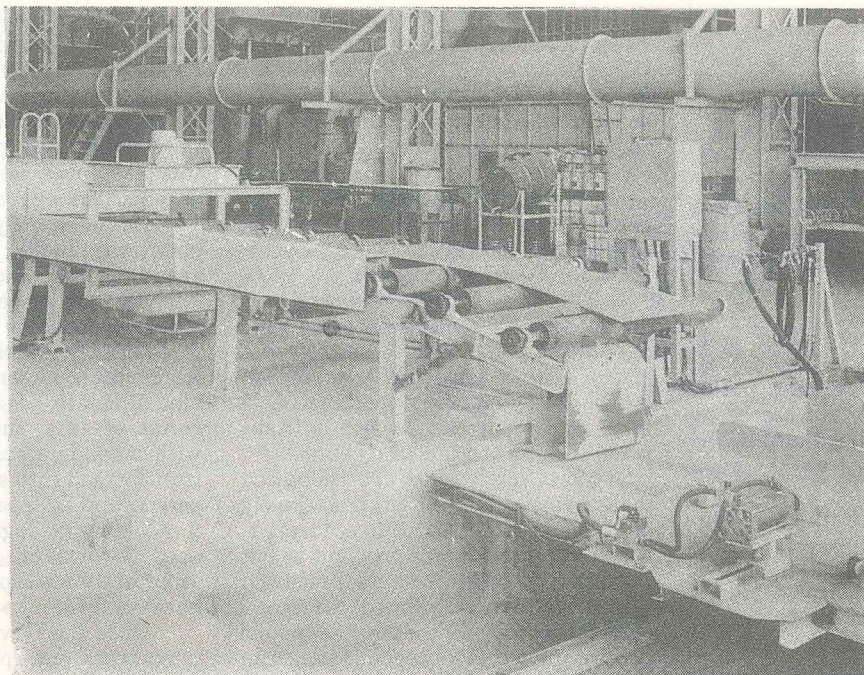
1. From the system of relations of production, relations making up contents of the mechanism for economic management should be discriminated. They are economic-organizational relations (industrial relations) that characterize method of organizing work-force with forms and incentive of its own. They are relations between individuals in economic activities. Those relations are influenced directly by productive forces and progress of science and technology. In the market economy where means of production are under ownership of various forms, the economic-organizational relations (as parts of relations of production) will comprise ways of organizing businesses, stimuli to encourage people to take part in production, managerial methods of improving discipline in production, trade and consumption.

2. To clarify factors lying on intersection points of economic relations between productive forces and superstructure is an important part of analysis of the mechanism for economic management. These factors are, above all, ways of organizing ac-

tivities (specialization, business co-operation, etc.), legislations, ways of co-ordinating businesses, socio-psychological elements, etc. To find out categories lying on intersection points or borderline is a complex part of the research, because different parts of the socio-economic structure (such as productive forces, basis and superstructure...) can't be separated by distinct lines. On intersection points, there are many borderline layers of relations. For example, economic co-operation could be seen either as an element of socio-productive relation, or as an element of new-found productive forces; or price, credit, business accounting, etc. could be seen either as objective economic categories, or as tools used in regulating the economy.

3. Every mechanism for economic management should define a system of targets listed according to their priority for different periods. The overall target which the mechanism for economic management aims at is the fast, stable and firm development, thereby satisfying both material and spiritual demands of the people better and better. For this target, the mechanism for economic management should have capability to deal effectively with relations of economic interests, should make economic interest an dynamic of development, should consider efficiency as a vital matter, and human being as central factor in input.

4. The mechanism for economic



management should satisfy the demand for processing information exchanged between macro-economic and micro-economic management. We can see that in the market economy, the mechanism for economic management has two tiers, the government controls at macro-economic level and businesspeople at micro-economic one. Economic activities in low tier are influenced directly and strongly by economic laws and flooded with micro information. Businesspeople, in doing business, process various sources of information and come to decisions on what will be produced, how and for whom they will be produced. And macro-economic information appears. The government processes sources of information in order to regulate economic activities by using law, directive planning, policies... with a view to creating legal, economic, political and social infrastructure for the economy, mobilizing and liberating untapped resources or bound dynamic.

If macro-economic managers try to process every source of micro-economic information, their efforts will end in failure. The most complicated task is to define limits, orientations, ways, methods and functions of macro and micro-economic management in order to keep activities of those two tiers from being destroyed by the other or becoming obstacle to each other.

II. REQUIREMENTS OF RENOVATING THE MECHANISM FOR ECONOMIC MANAGEMENT

Changing from the centrally planned economy to the market one has led to a lot of characteristics and

requirements of renovation of the mechanism for economic management. These requirements have made their appearance at many aspects:

1. The progress of science and technology has produced new capability to improve productive efficiency, production quality and the people's living standard as well. However, the exploitation of the technological achievements and strong points of the market mechanism can't occur by itself. It needs a renovation in the mechanism for economic management in order to help it meet increased requirements of a new situation.

2. When human capability increases, the development targets become more and more complex. Therefore the vital problem is that we mustn't stop and be content with achieved experience and we should change an easy task for a difficult one. Many scientists agreed that the world today is changing abruptly and speedily. Therefore, we aim at not only adapting ourselves to the future, but also finding ways to control and change the future. So the present requirement is that we not only renovate the mechanism for economic management basically but also build a mechanism of higher level.

The economy changes incessantly. Many forms and methods of management have recently produced desirable result, but now they become inappropriate to new conditions. Sticking to old forms and methods can restrain development and application of new capabilities.

3. The size of the production becomes larger thanks to appearance of

new technology, occupation and business. This leads to the diversification of economic relations and interdependence. So the mechanism for economic management should be renovated in order to meet requirements of new economic relations, and on the other hand, to make these relations stabler.

4. Both quantity and quality of demand of the society are on the increase. The pressure of social demand forces the economy to develop fast in order to satisfy the social demand effectively and harmoniously. Therefore, the mechanism for economic management should be appropriate to the development and stimulate activeness and flexibility of the economy.

5. The backwardness of the mechanism for economic management could be seen at two aspects. Firstly, a lot of forms, methods, factors, organizational and management structure become contrary to new features of the economy. Secondly, there are contradictions between factors of the mechanism for economic management. So, in renovating the mechanism for economic management, the most important task is to find out ways of solving these contradictions. We should pay attention to overcoming inertia of old forms and managerial methods, and old ways of economic control which usually become obstacles to the renovation.

In short, in the transition from the centrally planned economic to the market one, the most urgent matter is to renovate and improve efficiency of the mechanism for economic management ♣